



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING



MICHAEL P. FLANAGAN
SUPERINTENDENT OF
PUBLIC INSTRUCTION

**FISCAL YEAR 2005
CHILD AND ADULT CARE FOOD PROGRAM
FAMILY DAY CARE HOME SPONSOR MEMO #16**

TO: Family Day Care Home Sponsors

FROM: Julie Stark, Supervisor
Child and Adult Care Food Program

DATE: September 21, 2005

SUBJECT: **Collection of CACFP Debt from Terminated Providers**

This memorandum is intended to provide clarification on the requirements of State agencies and sponsors to collect applicable CACFP debt from terminated providers.

In most instances, any unearned funds paid to a provider by a sponsor must be recovered by the Michigan Department of Education (MDE) from the sponsor. The sponsor must decide whether to pursue the collection of the funds from the provider taking into account the impact their action has on the sponsor's viability and any statement it may make regarding their accountability. No federal funds, including CACFP administrative funds, may be used in the repayment of unearned funds.

Any decision by MDE to forgo collection of an obligation incurred by a sponsor on behalf of one of its day care home providers should be the exception rather than the rule. The MDE may elect not to require the sponsor to repay unearned provider payments only to the extent that the sponsor is able to demonstrate that it was not responsible for the overpayment and that it had made every reasonable effort to recover the funds. Although possible, there are few instances where a provider is overpaid in which the sponsor bears none of the responsibility.

A sponsor is responsible for debts it incurs on behalf of its providers by virtue of their failure to comply with program requirements.

Please contact our office at (517) 373-7391 if you have any questions about this subject.

STATE BOARD OF EDUCATION

KATHLEEN N. STRAUS – PRESIDENT • JOHN C. AUSTIN – VICE PRESIDENT
CAROLYN L. CURTIN – SECRETARY • MARIANNE YARED MCGUIRE – TREASURER
NANCY DANHOF – NASBE DELEGATE • ELIZABETH W. BAUER
REGINALD M. TURNER • EILEEN LAPPIN WEISER

608 WEST ALLEGAN STREET • P.O. BOX 30008 • LANSING, MICHIGAN 48909
www.michigan.gov/mde • (517) 373-3324